



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

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GOVERNOR

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**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for January 11, 2006**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held January 11, 2006 at 8:30 AM in the Board Room (Room 150) of the Transportation Building. Board Member Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

Conrad Burrell	Doug Galyon
Mac Campbell	Marion Cowell
Bob Collier	Cam McRae
Andy Perkins	Tom Betts
Alan Thornburg	Nancy Dunn
Lanny Wilson	Larry Helms

Other attendees included:

Julie Hunkins	Mike Mills	Roy Shelton
Bill Gilmore	Scott Conklin	Teresa Hart
Mark Foster	David Hyder	David Foster
Jay Swain	Berry Jenkins	Shirley Williams
Bruce Dillard	Robin Little	Ehren Meister
Al Avant	C.A. Gardner	Donnie Brew
Lori Kroll	Tad Boggs	Andrew Sawyer
Barry Moose	Don Lee	Jon Nance
Steve DeWitt	Ken Pace	Terry Gibson
Sandy Nance	David Harris	Lisa Glover
John Williamson	Suzanne Klimek	Linda Fitzpatrick
Burt Tasaico	Becky Luce-Clark	Phil Harris
Rob Hanson	Neil Lassiter	Rob Ayers
Ricky Greene	Greg Thorpe	Daniel Keel
Glenn Dennison	Sec. Lyndo Tippet	

Ms. Szlosberg called the meeting to order at 8:30 AM and circulated the attendance sheet.

Following represents a slightly modified transcript of the meeting:

Ms. Szlosberg: Thank you everyone for being here this morning. It's been awhile since we've met. Since the holidays, we've had a few interruptions but we're back in the saddle here in January. I hope you all had a good Christmas.

Ms. Szlosberg: The first piece of business is to approve our minutes from our October Environmental Planning Policy Committee meeting. The minutes that you received on e-mail have been changed slightly to reflect Nancy Dunn's attendance on the October meeting -- she was omitted in the one that went around on e-mail. That's the only change that are in the minutes. Do I hear a motion to approve the minutes before you? (Motion made and seconded) Thank you for that. We also have a sign up sheet that will go around the room if you all would be kind enough to fill that in.

Ms. Szlosberg: As most of you all know, I guess it was about three years ago we went into rule-making and adopted state minimum criteria, which I'm sure, all of you know is the criteria used to evaluate whether we can engage in activities without receiving a permit--that might have some disruption to the environment. And, because that's such an important thing and that we want to continue our good work in environmental stewardship, we put into place in process where we evaluate the minimum criteria, what we're doing, how these rules are actually making their way on the ground, and we do it every quarter. And, we also have made a request and we'll follow up on this I guess in our Q & A to see where we are with this--to make it a transparent process so that all members of the public understand what we're doing in terms of our use of minimum criteria and we'll make that information available on the internet. So with that said, I'll hand over the podium to Daniel Keel to share with us where we are on the (inaudible).

Mr. Keel: Thank you. Good morning, I'm Daniel Keel and I'm the Operations Program Manager, just coming to give our quarterly report. I've also included, you should have a handout at your seat that has not only the fourth quarter of 2005, but also has cumulative totals for 2005 as well as 2003 and 2004. I think that was the request that Nina had last time that we could compare years so we have added that spreadsheet. But just to give you a quick overview and reminder of the categories:

- Number 8 is highway modernization and that deals with projects that had less than 10 cumulative acres of resurfacing, restoration, turn lanes, adding shoulders, minor widening
- Criteria Number 12 is for secondary road improvements
- Criteria Number 15 is for construction of the new two-lane highways involving less than a total of 25 acres.

Mr. Keel: As you can see we had 44 projects in the fourth quarter of 2005 and 382 projects for the year. And, also as you can see, most of them deal in the secondary road improvement area. The majority are in item number 12 with only 7 projects that were on new location for the year. So, the majority of the projects are for criteria number 12, which are secondary road improvements and maintenance type issues. For the quarter, the 44 projects involved disturbed 7/10ths of an acre of wetlands, and also 977 linear feet of streams. And just to give you an idea of the comparative to 2003 and 2004, you can see that the number of projects is decreased significantly and there are probably 2 main contributors to that. In 2003 and 2004, we were aggressively pursuing the North Carolina Moving Ahead Program, and that has slowed down

and also the budget restraints we have put down, we've really significantly slowed the number of projects all together. Those two things contribute to the fewer number of projects.

Mr. Keel: One other item to report is the web application is still not operational. They have tested it several times and until the bugs get it worked out it's not a reliable form of reporting right now, so that's still being worked on. At this point, I'll go and open up for questions, I know that EEP topic is coming up and you'd rather hear that than this.

Ms. Szlosberg: Does anyone have any questions?

Ms. Szlosberg: You said 977 feet of streams for?

Mr. Keel: That is for the quarter; the 44 projects, there were 977 feet of streams;

Ms. Szlosberg: So that's cumulative, spread over 14 Divisions?

Mr. Keel: Right.

(Board Member): So category 8?

Mr. Keel: That is for highway modernization that deals with resurfacing, restoration minor widening projects.

(Board Member): And 12 is secondary road maintenance...

Mr. Keel: Secondary road improvement, that can also be with cleaning of ditches, patching, those types of activities.

(Board Member): And 15 was?

Mr. Keel: That's new 2-lane construction on new locations.

Ms. Szlosberg: So help me understand how you have that number of feet of newly disturbed (inaudible)...

Mr. Keel: I can't give you the details, but I can follow up on that question. Robin, can you address that? The number of stream footage that was disturbed in those projects.

Ms. Little: What's the question, how do you get that number?

Ms. Szlosberg: If you do a bridge replacement you have to have a permit for that, it can't be done using the minimum criteria, is that right?

Ms. Little: Things that fall under the minimum criteria within this threshold that require you to not to have to do an environmental assessment document and go to the next level of permitting, you still have to get nationwide permits for, which are your minor activities and so there are

impacts but they're minor within certain limits within the permits as well, so you have sort of a double layer. I've got documentation on permits and impacts if you need any.

Ms. Szlosberg: I'm just curious about disturbing a thousand feet nearly and where that was.

Ms. Little: A thousand feet statewide for one quarter. It comes basically, mostly from the mountains, and mostly where they are trying to, where there's a steep shoulder where its dangerous and they're bringing out the footprint and so they have to extend the pipe at the crossing. And, so whenever we put in pipe it's considered an impact. So, it's not really lost or destroyed, it's just going into a pipe.

Ms. Szlosberg: Anybody else have any questions? Okay, well now for the fun stuff. You all in your packets a couple of months ago received Item N, which is a budget for mitigation and the upcoming TIP. And you all had some questions about that as I did. And, of course this all intersects with our wonderful star program EEP which is received national accolades which has done so much for the department in terms of moving these projects forward. So, in order to address the concerns and get a fuller understanding of the program and its relationship to the budget, we've asked for a presentation contextually to look at and bore down on it to look at budget issues at which Mark Foster addresses. To sort of give us context we asked Bill Gilmore who is a familiar face around here with this enhancement program to give us a little update about where we are in the program and then we'll swing over to Mark.

Mr. Gilmore: Good morning everyone, like Nina said, I'm going to give a brief overview of EEP and lead into work we're doing with Mark Foster and his group. Just a little bit on what I'd like to cover on is the little bit of background information about EEP, some of our more recent reports we looked at by a number of agencies of FHWA, the Environmental Review Commission, and of course the board and where that information is. I'd like to give a little information on the business model in particular how it pertains to funding and payment, and of course Mark will give you details on that.

Mr. Gilmore: When EEP was set up there were two major goals that we were after and that is to find a way to expedite permitting projects and if we could get these projects quicker into construction without delays, that was a major goal. And secondly, to do that in the creation of EEP was to convince the regulatory agencies that we would provide mitigation for the projects statewide, and the Department of Transportation, and other funding sources. Environmental projects mitigation provides high ecological lift at the same time is cost effective with dollars spent towards the projects. When EEP was designed its major goal was to make it easier for permittees to secure permits after they pass the rigors of NEPA (inaudible) because in the old days in the permitting process if they're were any problems associated from a regulatory standpoint with the project you're building, such as in Neil Lassiter's area, they couldn't resolve the issues before (inaudible) they could use mitigation as an issue to hold up a permit. So our objective is to help that part of the aspect with the Department of Transportation.

Mr. Gilmore: Now, the way we work is we address mitigation programmatically and that's a big difference. I can remember when I spent literally years on (inaudible) bypass getting mitigation for that project as an example. And what you're catching is a project specific impact with a

project specific mitigation site. What regulatory agencies allowed us to do was look at all the impacts in a division or in particular our case a water shed and come up with cumulative mitigation strategies to solve all those impacts within that water shed. What that did was it removed the project by project investigation from more permitting in the road construction project and it has allowed those agencies to let us provide mitigation for the conglomerate projects programmatically. So what they do under that basis is they look at our work on an annual basis and provide course corrections for mitigation, that we need to do in the future, and we move through the process that way. It streamlined the process significantly and we are very proud of that contribution.

Mr. Gilmore: The second thing that has always been contentious with the older projects was the quality and type mitigation and whether it was successful or not. So the Department of Transportation, the Board in particular, when they redefined mitigation they provided a framework for us to advance projects ahead of impact. So the time when the mitigation was allocated to the permit there would be less doubt about the quality of the mitigation provided. Lastly, to assure the regulatory agencies of the type of mitigation and quality we are embarked on a process and really a foundation of water shed planning. That means within all your divisions and of all water sheds, our staff conducts an assessment of what's going on in that water shed in terms environmental degradation and then we can target our specific projects, our specific mitigation projects, that provide the best returned to the environment. And lastly, we work with Phil Harris' group, Gregg Thorpe's group and receive impact data from you on an annual basis of where we are going to be on the next cycle. And we take that information and provide, based on assets that are already produced, and produce a net difference and only pursue mitigation where its needed. So we're not pursuing in areas where it don't align with your TIP demand. And of course, we adjust that every year when the a new cycle and new impacts come up.

Mr. Gilmore: We have a lot of oversight, not only Department of Transportation but the Federal Highway Administration. We are overseen by the Environmental Review Commission and Environmental Management Commission on an annual basis, on a regular basis as we see fit. We are of course looked at continuously by the regulatory agencies in particular our partners, which are the Army Corps of Engineers, the Division of Water Quality, the Division of Coastal Management, Division of Wildlife, all the ones that you deal with on a daily basis. So we have a lot of people looking into our program that we must work with to make sure that things are running smoothly and that when adjustments are needed we make them.

Mr. Gilmore: All the information that we recently completed is on our website at nceep.net. And the two more recent publications that would be of interest to you are the End of Transition Report (You will recall there was a framework about how EEP evolved and a period of transition.) and the Annual Report that we must provide to the Environmental Review Commission and that includes the report that we're required by legislation to provide on the accounts on the funding accounts we have, one of them in particular.

Those accounts are :

- The MOA In Lieu Fee, that's the Tri-Party Agreement, between the Department of Transportation, Army Corps of Engineers, and Department of Environment and Natural

Resources. The MOU In Lieu Fee Program, now that program is available to all development in the state, is non DOT-related and in fact in some cases, it is (inaudible) but it is for like shopping centers or other types of impacts aren't particularly transportation needs.

- We also managed the Buffer Program, that's a separate fund
- And then a more recent one that is emerging is the New Bloom Offset Fund in certain parts of the state to help produce algae blooms and things of that nature and is more unique to Eastern North Carolina.

Mr. Gilmore: Now all those funds and all the invoices that we provide to the Department of Transportation, all our budget teams, only is related to the MOA In Lieu Fee Tri-Party Fund. That is the stuff that Mark works with and what he'll be talking about and the reallocation to the divisions.

Mr. Gilmore: We're very proud, very happy that we've been able to assist you for now 30 months with your mitigation needs. That is in part due to the progressive contracting that is on the table. A large portion of that is attributed to the Natural Environmental Unit, work on the great port, the advanced mitigation that you had done on certain parts of the state already. Those assets had helped us move toward that advance mitigation that we are required to do.

Mr. Gilmore: I'll just take a minute and talk about business following and I'll turn it over to Mark. We operate and I'm required, and I report to Dempsy Benton, the Chief Executive of our Department of Natural Resources on a business model which is founded under the Two-Party Agreement with Department of Transportation. We begin, as I said, we begin again in February this year with the assembly of mitigation needs, from the Natural Environment Unit. We evaluate the existing assets that we've accumulated to date as of February. We come up with the net difference between those two and that establishes the needs. So we have the TIP needs that you are forecasting for the next seven years. We have what we have in the bank that is unallocated, that is available (inaudible). We take a net difference and we pursue based on the timing of the MOA, only those needs that are remaining. Therefore, we have designed a strategy that our contracting methods (inaudible) we contract the work and evaluate it and if there are any corrections that need to be made we try to adjust it the best way we can and the process begins, so that process starts February this year.

Mr. Gilmore: Before EEP was established, recognize that the mechanics of the business of working properly with the Department of Transportation and addressing a number of varied issues of how to provide mitigation in concert with the Natural Environmental Unit there were some issues that we never tackled before, such as, in the past, mitigation was assigned under a TIP specific. Work was done on that TIP. The mitigation because of the complexity of allocation allocated mitigation at some sites that had access, some fell sort, there was not a clean mechanism to know that a cost associated with that mitigation site was assigned exactly to that TIP. One of things that EEP has been able to do is now bring out to you what the programmatic costs are and then there comes a mechanism of how you allocate the TIP. So what we have is a mechanism to look at those costs for the first time in a clean environment where you know where they are as opposed to all the work that goes on in the particular TIP. So with that, when we were working on establishing this we worked to begin with the Natural Environment Unit to identify some key issues that needed to be addressed cooperatively with them. One of them was

the allocation of cost back to the TIP's. Since we're focusing on producing mitigation and not the actual allocation back, that is a Department of Transportation thing, our staff has been working with Mark Foster's group in developing a system. The system is Mark's and that's what he'll be talking about to you here, but we believe that that system is an evolving system, that it is a very complex issue, that we're all dedicated to making sure it all comes out (inaudible).

Ms. Szlosberg: Would you share with us information about the agreement, the Tri-Party Agreement, which enabled us to transition in such a way that wasn't completely compliant with the Clean Water Act? In other words, it allowed us to do the preservation. Just so that folks know (inaudible).

Mr. Gilmore: You are referring to the high quality preservation. Because of the accelerated schedule and because of the understanding that there needs to be some new staff structuring, there needs to be some new programs, there needs to be a more deliberate process for contracting work out and producing mitigation projects, the Corps of Engineers offered an opportunity for EEP to operate under the concept of high quality preservation. What that meant was for the first two years of the transition we could permit your projects without one-to-one restoration, permit your projects, purely preservation on an Ecoregion basis. This was a huge benefit to everyone. It was cost effective. Secondly, it provided us latitude to permit the projects immediately. You recall two or three years ago there was an urgent meeting to get your projects permitted and flowing. We were able to work with those regulatory agencies to secure those properties and permit your projects with the understanding that we continue with our traditional contracting methods and produce restoration and replace part of that project that was permitted under pure preservation with a restoration (inaudible).

Mr. Gilmore: The mathematics get a little complex and if you want to get into them I can. But I think the key thing that you want to know is that we have supplied that one-to-one restoration back and in return those assets that were only high quality preservation can come back to us, and to you, to be used in these projects, in future projects. So there's a return of mitigation to that at about 50 percent. You'll hear the term 5 to 1 and 10 to 1 and all that but that's not the important thing. But what it means is that 50 percent of the investment we have done, we've permitted your projects on pure restoration has now come back to use again. So that is a good for you as well because it gives us more latitude to meet your permit needs even in the future.

Mr. Gilmore: Another concept of the high quality preservation has been particularly beneficial is the concept of Ecoregion. Rather than providing mitigation in a very tight cataloguing unit (There're 54 water sheds in the state cataloging units.) providing that preservation or that mitigation be exactly in that catalog unit, we have 8 regions that are kind of geopolitical regions based on (inaudible) providences that we can acquire larger sites which is good. Larger sites you can surely buy them cheaper and you have more latitude as how you apply that. You are not as constrained in having to find a project in each of those 54 water sheds and that's what (inaudible).

(Inaudible conversation between two or three people).

Mr. Gilmore: We're required since we're not a regulatory agency by the Corps of Engineers to provide a minimum of one-to-one restoration back to those 54 water sheds. So when they allowed us to use preservation only, they knew that was only a temporary measure and that we had to satisfy that one-to-one requirement which they call no net loss back into that system, so that's what that's about.

Ms. Szlosberg: Anybody have any questions?

(Inaudible conversation in background)

Mr. Thornburg: (Presented a question concerning application of credits in the Ecoregions.)

Mr. Gilmore: You take the state and divide it into 4 categories: Mountain Region, Piedmont Region, Coastal Plain Region, and Pure Coastal Region. Those created four regions geographically across east to west close to county lines. (These are divided north and south to create eight regions.) Anywhere within those we can apply the (inaudible). It is a very good process.

(Inaudible conversation in background)

Mr. Foster: Thank you Bill. Before we get started does everybody have a book that looks like this in front of them? We had an extensive meeting with the division engineers at the Ops meeting yesterday and there's a lot of good information that was assimilated and you are supposed to have a copy of this. I'm not going to take you through it but I'm going to refer back to this document.

Mr. Foster: As you all know when we did the EEP presentation back in October, we really hatched an egg here. We introduced a lot of information. We introduced an allocation methodology, we started sort of a landslide of activity that has culminated over the last couple of months into a number of questions back to my staff, several conference calls with you all, both jointly and individually, and to summarize maybe in a concise way, we've learned a lot over the last several months, one of the things we knew coming out of the work that we introduced in October is that we needed to get a lot more eyes in terms of looking at the impacts. I call it the order to the Department of Natural Resources for our future mitigation needs. Because the way the allocation methodology works it was all based on the order that we put in for our seven year TIP, your respective percentage of that order is how you're going to be allocated back the bills that we have been receiving over the last couple of years and will continue to receive.

Mr. Foster: As we got a number of division engineers eyes on this, many times for the first time, a couple of things became very apparent. The first is particularly on the division mitigation impacts that were communicated to the Department of Natural Resources. As the division engineers looked at those impacts, they recognized very quickly that we had overestimated the amount of impacts that we ordered to EEP. Many could be on the magnitude of a third or even a half of what our actual needs really are going to be for the future. As they looked at the impacts for the TIP projects, which are now being again assembled and recommunicated over to the Department of Natural Resources, again as they have looked at those impacts again, they're

finding discrepancies in terms of where they think these impacts ought to be and what was communicated a year or so ago. Why is that important? Well if you look in your binder under Tab, I believe it's 2, this is the matrix of how the bill, how the cost, is created for those impacts. And as you can see, whether it's a linear foot of stream or an acre of wetland or an acre of coastal marsh, there's a price tag associated with that. If we overestimate our impacts, if the Department of Natural Resources goes out and fills that order, this is not small change, this is pretty big dollars. We obviously want to make sure that the impacts which drive everything are impacts that we agree upon and that are appropriate for the work we are trying to accomplish.

Mr. Foster: As we went through the methodology with the division engineers yesterday, one of the things that, one of the questions, or one of the concerns that came out of the October meeting was, well, I see the allocations methodology but what's the backup for this? We spent quite a bit of time over the last several months and yesterday, essentially walking the engineers through tabs, actually through the entire work book to show them how the impacts by project were generated and how they flow back through the allocation methodology and ultimately ended up in Item N and in the budget for you all. The budget as we have introduced in Item N, a month or two ago included catch up budget for 2004, 2005, and the EEP budget for 2006, 2007. The total amount of that bill was approximately \$257 million. The item N amount which is just for the TIP impact was a little over \$200 million dollars.

Mr. Foster: As we have been fielding the questions, and we know for a fact now that we do have some concerns about the accuracy of the impacts that are being communicated, that are driving this bill, we reached several conclusions. First and foremost, the division impacts we know are aggressive. We also know that the allocation back to the division budgets for those division impacts (i.e. secondary roads and moving ahead, etc.) could put a serious damper in terms of your cash target of 2006, cash target to complete maintenance, small construction activities for 2006. What we would like to do with your concurrence is we still have to allocate those bills down to the divisions but we would essentially do a top level hold harmless on those budgets, so to speak, so that your 2006 cash budget for maintenance, small construction would be unchanged for what we agreed upon over the last couple of months. In essence, what we're saying is we don't want the allocation of a prior bill that is already accounted for in our cash plan, to stop you from doing on going maintenance and small construction in your area. Certainly and not until we figure out what is the right impact for those division projects in the future.

Mr. Foster: Second of all, the budget for 2006 and 2007 for TIP, as well as obviously the catch up cost for 04 and 05, also includes some aggressive estimates. What we feel is that its probably inappropriate at this time (until we get our next cast of impacts, which are going to take place in February of this year and take several months obviously to work through in terms of what the actual bill would be), it seems inappropriate to hit the budgets for TIP for 2006 and 2007 for an overly aggressive budget or one that is probably overly aggressive. We still have to push back the bills that we received to date, but the difference is to date we've received only about \$90 million worth of bills, \$80 million of that is in the TIP. The remainder was future budget which is still an unknown.

Mr. Foster: What I'd like to do and what is being passed out today is to revise the Item N to scale it down to just the bills that we received to date for 2004 and 2005 and first quarter of 2006

which by the way, was about half of what we expected the bill to be. So in totallity, we're talking about \$90 million of allocation, both division projects and TIP versus \$257 million, that we were talking about back in October. Within that budget allocation, the 2004 year includes the high quality preservation sites that were purchased to get permitting jumpstarted throughout the state. What we don't know yet, and what we will be working on the next several months, is what is the future value for those high quality preservation sites, and how will that future value reduced the bill respectively for those areas that heavily invested in those sites, during the 2004 time period. Obviously, our goal is to make sure that at the end of the day everybody pays only for the value that they impact, the net impact that I've talked about, that they incurred and used to permit the projects over the next 6 to 7 years, as well as obviously the investment that they've made to date. So we've got some additional work to do, particularly for that next set of allocations, so that we can, one, take into consideration what should be reduced impacts based on a lot more eyes getting involved in the process, as well as understanding more about how and when the value for those high quality preservation sites will come back to the business. And obviously, we would factor that in to the future bills for those respectively earned.

Mr. Foster: As I look at this from a top level perspective, obviously the goals that we want to accomplish when we first starting talking about this in October we're really two fold. The first was obviously was to get a lot more eyes involved in this process than have been in the past. I think you'll find because mitigation costs, just like right of way, just like preliminary engineering, are a significant part of the overall cost of a construction project. We need to better understand how this process works so that one, we agree with the process. Number two, we're working in partnership with DENR and the other agencies to make sure we're doing the right thing for the state. But also, where we get some predictability in terms of how we work as our construction capacity and our needs and our priorities for the next several years because as you know resources are continuing to be tight. We want to make sure that we always build into our planning process with our eyes open.

Mr. Foster: The second thing that, second objective was to look at, as we look at how the system works. As Bill mentioned, we have 54 cataloging units and we've got 8 Ecoregions. There are very specific rules that are in place today and I'm not saying if they are good or bad but there are some very specific rules, that may or may not allow us the flexibility to get as much value out of our investment as we might like. What I would like to do with Nina and the Board's concurrence, is to continue the work that we are doing today which is to enhance the partnership through a project team or taskforce where we can learn more about these rules, work closer with our partnership, and again work towards refining this, what I consider a good program, the EEP program. But refine it to the point where everybody is rowing the same oar, everyone understands and agrees with the needs of all parties and is working towards a common goal and not necessarily working counter to that goal. So I think if we continue to engage our staffs to stay involved with this process, put together a top-level task force, a coordinated task force which would be a joint agency task force to again, learn more about this process and hopefully refine the process. Then I think we'll have a win-win situation. That's about all I have to say this morning except that you will see a revised Item N in your box. We will be back to you probably in the next several months with updated information as to where (once we get updated to forecast numbers), where that process stands and we will obviously continue this conversation.

Ms. Szlosberg: (Asked for clarification concerning 04-05.)

Mr. Foster: 04-05 and the first quarter of 06. In other words, the bills that we've received to date, that we essentially have been holding at a top level, are about \$90 million dollars. We have to push those bills back down to the divisions so that we can get our federal reimbursement on those dollars. Right now they're all sitting in state dollars.

Ms. Szlosberg: I'm sure you all have some questions.

Mr. Perkins: Listening to Mark and what the young man before him said, I think you're on the right track. The key issue is it sounds like you're in a culling process now with the division engineers, in terms of determining just what projects need to be supported with environmental credits. The other issue is you have to determine what is the value of the credits of these regions and I assume that the cumulative impact of these regional credits can only be assigned in the region. Can they be assigned statewide or across regions? So if you know what the value of your credits are per region (you have 54 units subdivided down there), the key issue would be as you said before, you would have, probably find out you have, more environmental positives because of the agreement with the corps to do high quality preservation initiatives and puts you in a win-win situation I think. I think you are on the right track.

Mr. Foster: I think you're absolutely right. And I think also we need to look at the flexibility of using our investments with the goal... (tape cuts off) ...that inventory of value sooner than later.

Mr. Thornburg: How long will take to realize the value of these high quality mitigation sites, to reimburse the divisions...(inaudible)?

Mr. Foster: It's an ongoing thing but I'd like to hold an answer to that question until we dig in a little further. Otherwise I'd just be speculating.

Ms. Szlosberg: And I guess some of the questions that we'll have to sort of be thinking about because EEP really is about the concept of banking and trying to get ahead of our mitigation needs and how far ahead is enough. That would be the question that we will be faced with. And Mark and I had an opportunity to talk on Monday, to put into the context of paying for college, a kid's college fund, and you can't start when they are 17 and a half, you know, you've got to start when you find out you're pregnant in order to get it right.

Mr. Foster: You got to have a plan; you got to understand the mechanics of that plan and how it's going to play out in the future. We obviously do not have all the answers but I think as Mr. Perkins said, we're headed in the right direction.

Mr. Burrell: Mark, I appreciate what you're doing, and I understand a little bit more than what I did to start with but I'm still confused about it. But I would like for you take a look at Division 14 and continue to look at that and give us, give me a report on that. I think Division 14 has been overestimated I think we need to take a look at that...(inaudible).

Mr. Foster: And you've got my assurance we'll do that.

(Inaudible conversation in background)

Ms. Dunn: Alan we can't hear you back here.

Mr. Thornburg: I think there are two issues, one is the accuracy of the numbers that they are using and I think Mark is doing that. And the second is fairly distributing the cost of the high quality mitigation sites among the divisions and if we can do that, that addresses the concerns of 13 and 14.

Ms. Szlosberg: I think another thing is when you are doing this research or putting this team together, one thing I'd like to see... You know what, I have to commend Mark for his work because, you know, information is a very powerful thing and it helps make better decisions. So when we're considering all this, it's better for all of us. I know for a while there was this number, 25 percent, of project costs were going to mitigation. And now we're seeing that it's more like between 3 and 5 percent on the state average. So it's helpful for us to know that. And then the other thing is that it's expensive when you have degradation to the environment. It costs. So what I'd like to see as part of this discussion, where we are on avoidance and minimization, because the more we can avoid and minimize the impact economically the better we are. It makes good financial sense, good business to do good things for the environment. And that's what our governor talks about all the time is better choices.

Mr. Perkins: But we should not over look the fact that if you are going to buy high quality preservation sites, that they are not just sitting there at the same price we acquired them. They also appreciate in value and so the key issue is to understand what the value of those sites are today, in today's dollar, so that they can have a better spread of capacity when you decide to do key projects going forward.

(Inaudible conversations in background)

Ms. Szlosberg: And are you all at a point where you are comfortable recommending to the full board that the revised item be adopted?

(Inaudible conversations in background))

(Motion made by Mr. Thornburg and seconded by Mr. Collier)

Ms. Szlosberg: All in favor say I.

(Number of people say "I". None were opposed.)

(Inaudible conversations in background))

Ms. Szlosberg: Cam, I'm sorry we can't hear you.

Mr. McRae: Over time it would be nice to also get some accurate information on the total cost of the permitting process. Because we've all heard percentages thrown around and I really don't know what is accurate. Because I've heard 20 percent for years now and maybe now we have just one piece of the puzzle maybe as we gather the rest of the information we can all arrive at some accurate information. Keep that in mind.

Ms. Szlosberg: (Asked Mr. Foster to continue to report and keep the EPPC in the loop.)

Ms. Szlosberg: Is there anything else that needs to come before the committee today?

Ms. Szlosberg: Adjourned the meeting at 9:26.

The next meeting for the Environmental Planning and Policy Committee is scheduled for Wednesday, February 1, 2006, at 8:30 A.M. in the Board of Transportation Room (Room 150) of the Transportation Building.

NS/gd